

# **KENTUCKY DEPARTMENT OF EDUCATION**

## **STAFF NOTE**

### **Action/Discussion Item:**

702 KAR 3:270. SEEK Funding Formula (Final)

### **Applicable Statute or Regulation:**

KRS 156.035, 156.070, 157.320, 157.360, 157.370, 157.410, 157.430, 157.440, 157.615, 157.390, 158.135, 160.470, 160.476

### **Action Question:**

Should the Kentucky Board of Education (KBE) give final approval to 702 KAR 3:270, SEEK Funding Formula?

### **History/Background:**

***Existing Policy.*** Pursuant to the statutes cited above, the KBE has promulgated 702 KAR 3:270, SEEK Funding Formula. The first review of proposed changes to 702 KAR 3:270 occurred in December 2007. The regulation incorporates all components necessary to calculate the SEEK funding for districts including updated references to the following:

- KRS 157.320 defines average daily attendance
- KRS 157.360 and 157.370 describe the Support Education Excellence in Kentucky (SEEK) base funding formula
- KRS 157.410 sets forth the schedule of payments of SEEK funds to school districts
- KRS 157.430 authorizes percentage reductions in SEEK
- KRS 157.440 sets forth the requirements of state equalization for Tier I and Facilities Support Program of Kentucky (FSPK), and Tier II maximum
- KRS 157.615 defines equivalent tax rate
- KRS 157.390 requires subtraction of revenue generated by \$.030 tax rate from SEEK calculation
- KRS 158.135 defines State Agency children
- KRS 160.470 sets forth required minimum local tax effort
- KRS 160.476 permits districts to restrict funds for building purposes

To comply with changing demands, the regulation has been amended to incorporate technology advances for the collection of data, to incorporate additional calculations to allow for assessment growth greater than 4%, and to create a provision to allow for additional funding. Since the December meeting, provisions for property value growth and student enrollment growth have

been simplified for more appropriate application and ease of implementation. A summary of the major changes to the regulation can be found in Attachment A.

**Staff Recommendation and Rationale:**

Staff recommends final approval of 702 KAR 3:270, SEEK Funding Formula. The changes to the regulation include all components necessary to calculate SEEK funding for districts.

**Groups Consulted and Brief Summary of Responses:**

The regulation was reviewed in December by the Board. Staff has consulted the Local Superintendents Advisory Council (LSAC), the Legislative Research Commission (LRC) and the Office of the State Budget Director. All feedback was considered as additional revisions were made.

The Office of Education Accountability reviewed the regulation after the December meeting. KDE is open to any additional input from OEA since revisions have occurred after their first review.

The Local Superintendents Advisory Council will have its final review of the regulation prior to the February meeting and forward its input to the Board via a letter from that body.

**Impact on Getting to Proficiency:**

The SEEK funding formula is the primary mechanism used by the state to equitably fund the instructional program in all Kentucky schools. Without the most efficient, effective funding system, education in Kentucky cannot assist schools and districts in getting to proficiency.

**Contact Persons:**

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**Deputy Commissioner**

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**Commissioner of Education**

**Date:**

February 2008

